

LITTER ASSESSMENT
RCW 82.19

Tax Base

The value of products manufactured and sold within the state and the gross proceeds of products sold at wholesale or retail for the following 13 categories of products:

- food for human or pet consumption;
- groceries;
- cigarettes and tobacco products;
- soft drinks and carbonated waters;
- beer and malt beverages;
- wine;
- newspapers and magazines;
- household paper and paper products;
- glass containers;
- metal containers;
- plastic or fiber containers;
- cleaning agents and toiletries;
- sundry products of drugstores other than drugs.

In lieu of separate accounting for all products, the Department's administrative rule, WAC 458.20.243, allows drugstores to report tax on 50 percent of their total sales and grocery stores to report tax on 95 percent of their total sales.

Tax Rate

0.015 percent

Recent Collections (\$000)

<u>Fiscal Year</u>	<u>Collections</u>	<u>% Change</u>	<u>% of All State Taxes</u>
2001	\$5,926	1.3	0.1%
2000	5,851	(14.3)	0.1
1999	6,826	43.5	0.1
1998	4,758	(9.1)	0.0
1997	5,236	11.8	0.1
1996	4,684	12.6	0.1
1995	4,161	9.0	0.0
1994	3,819	(13.8)	0.0
1993	4,431	7.4	0.1
1992	4,125	10.4	0.1

Levied by State

Administration

Department of Revenue. The litter tax is reported on the combined excise tax return (Form #40 2406) by taxpayers who manufacture or sell any of the listed products.

Distribution of Receipts

Waste reduction, recycling and litter control account. Funds are used by the Department of Ecology as follows: (1) from 40 to 50 percent for a litter patrol program employing youth to clean up public places; and (2) not more than 60 percent for public education and awareness programs relating to litter control and recycling, including development of markets for recycled products and cost of litter tax compliance.

Exemptions, Deductions and Credits

The only exemption for products that would otherwise be subject to the assessment is for agricultural products by the original producer of the items, including animals, birds, and insects and the products derived from such animals (e.g., milk, eggs, wool, fur, meat, honey, etc.). Also the statute exempts items produced for consumption outside the state.

History

The litter assessment was included in the Model Litter Control and Recycling Act of 1971, the purpose of which is the effective control of litter within the state. The Act is codified as Chapter 70.93 RCW and the litter tax initially appeared in RCW 70.93.120 until it was separately established as Chapter 82.19 RCW in 1992. There have been no significant changes in the tax rate or base. However, a 1992 amendment provided that the Department could establish a taxable percentage of an industry's litter-related products which firms could choose to use in order to simplify the separate accounting for each type of litter product. In 1998, the reporting frequency was changed from once each year on the year-end tax return to require litter tax to be reported on each tax return throughout the year.

Discussion/Major Issues

During 2000 approximately 23,400 firms reported litter tax.

Compliance continues to be a problem. A study done by the Department published in January, 2001 estimated that over one-quarter of the potential tax liability, amounting to nearly \$2 million in 1999, was not paid. Further, there is significant fluctuation in collections from year to year. This makes budgetary planning difficult for DOE's litter programs. Taxpayer education remains an ongoing task, as firms tend to forget about or ignore this assessment. In addition, since the tax rate is very small, the amount of tax liability for many businesses is also quite small. For firms with multiple activities, determining the appropriate share of total sales attributable to litter products can be difficult.